Paper Publication:

Paper 1: Assessing the reliability and validity of relationship marketing scale: the experience of an Indian bank

Paper 2: Literature review on relationship marketing and brand loyalty
ASSESSING THE RELIABILITY AND VALIDITY OF RELATIONSHIP MARKETING SCALE: THE EXPERIENCE OF AN INDIAN BANK

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ABSTRACT
In Pre Industrial era people are more concern to sell. Anyhow selling was only important key factor to run any business successful. It is true till today selling is a key factor, but how to sell whom to sell and when to sell is also important. So era was of direct selling and customer acquisition. Than in post Industrial era was focused on mass transaction and bulk selling. Where now today’s area to make relations is first priority and satisfy their customer is the key factor which will help to establish a relationship and convert is in strong relations which make any terms favorable to that brand. So this era is considered as relationship marketing and customer retention. Banking is the sector where most of the people associated with. In this competitive edge relationship will be the key aspects which leads to dominate in the market. In this present study an attempt has been made to develop a scale to measure and relationship marketing of banking sector.
This paper identifies a model with 30 question and 6 components to measure the service quality of banking sector. These components are Trust, Commitment, Communication, Fiability, Switching barriers and Conflict handling.

KEY WORDS: Bank, Relationship Marketing.

INTRODUCTION
In Pre Industrial era people are more concern to sell. Anyhow selling was only important key factor to run any business successful. It is true till today selling is a key factor, but how to sell whom to sell and when to sell is also important. So era was of direct selling and customer acquisition. Than in post Industrial era was focused on mass transaction and bulk selling. Where now today”s area to make relations is first priority and satisfy their customer is the key factor which will help to establish a relationship and convert is in strong relations which make any terms favorable to that brand. So this era is considered as relationship marketing and customer retention. The term relationship marketing was popularized in the 1980s when the focus of marketers started to switch from customer acquisition to customer retention. The objective of a
relationship is to build customer loyalty by creating and maintaining a positive attitude toward the company. When a depository financial institution claims to be practicing relationship marketing, it means that they have undertaken an organization wide strategy to oversee and nurture their interaction with customers and sales expectations. Relationship selling is not merely at the customer service point or at relationship manager level, but at every point in the system.

The most universal definition of relationship marketing, defined by Morgan and Hunt (2006), covers all forms of relational exchange with a focus on relational marketing. It is specified as “Relational marketing refers to all marketing activities aimed toward building, growing, and maintaining successful relational exchanges”. The same definition of relationship marketing will be practiced in this dissertation as it emphasizes a readable and simple manner, how this concept is used in service industries such as the banking industry. As the procedure of gaining behavioral loyalty is dependent on client relationships, it is considered vital to talk over the concept relationship marketing and explain why it is important in the banking industry (Liang and Wang, 2007).

LITERATURE

RM literature related to banking can be traced back to the early 1980s. The concept of relationship marketing was first demonstrated and described by Berry (1983) as “attracting, sustaining, and enhancing customer relationships”. Furthermore, relationship marketing was also identified as “building relationships with clients and other parties at a profit, by mutual exchange and fulfillment of promises” (Grönroos, 1991). Relationship marketing focuses on making new and mutual value between banks and their customers on a semi-permanent base. "Marketing is not a function; it is a way of doing business; marketing has to be all pervasive, part of everyone's job description, from the receptionist to the jury of directors" (McKenna).

Renting in a business relationship involves an investment of irrecoverable resources. These resources are e.g. time and endeavor which creates psychological bonds to the firm that motivate parties to keep the relationship and increases their expectations of relationship benefits (Liang and Wang, 2006). In one of their studies, Liang and Wang (2006) recommend that banks should perform more service quality oriented strategies to preserve and promote perceived service quality and thus build higher customer relationship satisfaction. They furthermore suggest that banks should not simply invest more in customer relationships, but also strive for attracting clients who are open to such mutual investments.

Nevertheless, it is necessary to have in intellect that a satisfactory and stable relationship is not a guarantee to banks that their clients stay loyal. A disturbance or an upset to the business relationship can be enough to induce customers to decrease usage of the bank or at worst, to cease the relationship by shifting to some other bank. Thus, it is necessary, but not enough to only keep customers satisfied in a relationship. A useful contribution to relationship marketing is the literature about customer switching resistance and changing behavior. In parliamentary law to know customers’ level of commitment, it is important for analyses why customers decide
to stick with their current service provider or why they decide to change to another option. Some other question worth debating is why customers choose to remain with their current service provider when they have reason to switch, such as service failures, pricing problems, and inconvenience or disappointment with service recovery.

Levering and Liljander (2006) indicate that relationship marketing strategies can bring benefits to both the retail banks and their clients. They further state that relationship marketing is considered to influence most effectively when customers are highly required in the expert or service. The factor of personal interaction, which allows for smooth communication flow, can enhance customers” willingness to engage in relationship building activities. The benefits of such interaction are generated through increased customers” positive feelings towards their bank, and thereby customer satisfaction and relationship strength increases.

As has been indicated above, in that location is a clear link between relationship marketing, and trust, where a good relationship marketing strategy is likely to run to both concepts. A number of relational variables such as trust and commitment, and other variables of relationship quality have been empirically linked to a variety of service, related outcomes, such as repurchase intentions, advocacy, and consumers” willingness to pay more (Jones and Taylor, 2007).

Faith in Service provider, which exists when one party has confidence in an exchange partner”s reliability and integrity,” is a central component in all relational exchanges (Morgan and Hunt, 1994). As Dwyer, Schurr, and Oh (1987) argue, trust is important because it provides a basis for future collaborations. Once confidence is established, firms learn that organized, joint efforts will lead to consequences that exceed what the firm would achieve if it acted alone in its own best interests” (Anderson and Narus 1990) In social psychology a consensus emerges that trust consists of two essential elements, combine in the partner”s honesty and confidence in the partner”s benevolence. Honesty is the feeling that one”s partner stands by its word. Benevolence is the feeling that one”s mate is interested in the company”s benefit and will not call for unexpected actions which will negatively affect the company (Geyskens and Steenkamp, 1995). It appears that if partners in a relationship trust each other more they are more emotionally involved and less consciously weighing the benefits against the costs of that relationship (Wetzls et al., 1998).

Allegiance is also an important element of relational exchanges. It is specified as an abiding desire to keep a valued relationship” (Moorman, Zaltman, and Deshpandé, 1992). Inquiry suggests that relationship commitment is at the heart of all successful working relationships and that it is an indispensable element in successful long-term relationships, including supplier–buyer relationships (Anderson and Narus, 1998). In the relationship marketing literature the concept of commitment plays a key role, equally it is a major feature of relationship marketing models (Scanzoni, 1979). Allegiance refers to an implicit or explicit pledge of the persistence of a relationship between exchange partners (Dwyer et al. 1987). As Scanzoni (1979) stated commitment is the most advanced phase of partners” interdependence”. In marketing-practice and research it is agreed that mutual commitment among partners in
business relationships produces significant benefits for companies (Wetzls et al., 1998; Farrelly & Quester, 2003). Commitment has served as the dependent variable in several relationship marketing models including those describing buyer-vendor relationships and channel behavior (Kumar et al., 1995). Commitment is a good indicator of long-term relationships (Morgan and Hunt, 1994; Shamdasani and Sheth, 1995) and is thought to represent the peak in relational bonding (Dwyer et al., 1987).

Effective Communication is also regarded an important facet of successful relationships (Morgan and Hunt, 1994). Anderson and Narus (1990) describe communication as formal as well as informal sharing of meaningful and timely information between firms”. Empirical evidence suggests that communication increases the degree of confidence between partners (Anderson and Narus, 1990; Anderson and Weitz, 1992; Morgan and Hunt, 1994). In general, communication helps build confidence by providing partners with a mechanism that can be employed to settle conflicts. In summation, it improves partners” ability to adjust their expectations and perceptions. Communication, as conceptualized by Mohr et al. (1996), comprises a combination of relationship building communication attributes. These include communication frequency, bi-directionality, formality, and influence activities. By highlighting shared interests and mutual goals, collaborative communication can generate volitional compliance between partners and thus bolster relationship performance (Mohr et al., 1996; Farrelly & Quester, 2003).

Liang and Wang (2006) states in this context, that trust is “the perceived level of confidence in transaction partners” reliability and honesty. Reliability shows the consistancy and overall performance with how many attempts any service provider make to satisfy their customer. Reliability is one concept which will found by the customer to relate with their service providers and employees of service provider. Customers may find employee approachable because they feel rely on them. Zeithaml et al., (2000) had promoted reliability as one of the key factor for customer retention. This service evaluation method has been proven consistent and reliable by some authors (Brown et al., 1993). Service provider is reliable and responsible for the interests and welfare of the consumer. The fiability dimension of brand trust has a technical nature because it concerns the perception that the brand can fulfill or satisfy consumer needs. It is related to the individual”s belief that the brand accomplishes its value promise. The promise of a future performance (Deighton 1992), its fiability for the accomplishment of that promise leads the consumer to trust in the occurrence of future satisfaction. Underlying this dimension there is a sense of predictability that the brand satisfies the individualist”s needs in consistently positive ways. Therefore, for all its value in conducting day-to-day exchanges, fiability is, at best, a starting point for describing reliability and consistancy.

The definition of Problem addressing attitude used in this thesis is similar to the one defined by Ndubsi et al. (2007). It is therefore described as the bank service provider”s ability to minimize the negative consequences of conflicts. How a consultant handles conflicts is reflected in one”s ability to openly discuss a solution when a problem rises up, show concerns and resolve differences quickly and satisfactory (Ndubsi et al. (2007). According to Santos and Fernandes
(2008), three dimensions are often considered when discussing conflict handling: 1) the distribution of fairness, which is often considered to be in the form of replacement or refund 2) procedural fairness, that is, the process that takes place when complaint arises, or the flexibility, response speed, accessibility and acceptance of responsibility and 3) the fairness in interaction, which is how the employee treats and communicates with the consumer when problem arises. This last dimension includes honesty, empathy, courtesy and offering explanation or an apology. When conflicts between customers and companies and their management arise, it can lead to loss of consumer trust in the company (Santos and Fernandes, 2008).

Switching Hurdles have been defined as “any factor, which makes it more difficult or costly for a consumer to change provider” (Blut et al., 2007). Switching barriers can be defined in the terms of economic and psychological cost. Psychological cost is when the customers have developed, over a period of time, a personal relationship and trust with the service provider. Economical cost is when it is considered too expensive in terms of economic nature and/or time to switch service provider (Sharma and Patterson, 2000). In addition, Jones et al. (2000), state that in the context of consumer services, attractiveness of competing alternatives are also considered important switching barriers.

**METHODOLOGY**

In order to develop a reliable and valid scale for Relationship Marketing, an empirical study was undertaken, we have used Conclusive Cross-Cultural Descriptive research design to study the relationship marketing structure and its key dimensions in banking sector. The survey Instrument was a questionnaire relevant to Relationship Marketing and other statements related to State bank of India. These statements were identified by a detailed discussion process with State Bank of India’s employee and customers. Respondents were asked to evaluate parameters on Relationship Marketing relevant to Banking Industry on a 5 point likert scale “ Strongly agree” to Strongly disagree”. The survey was then administered to 400 customers of State bank of India. We have received about 393 questionnaires back out of them some were having one or more missing/Invalid responses. Such questionnaires were discarded and were not subjected to further analysis. The final sample size was 389 for performing EFA and CFA we have used AMOS and SPSS software.

**ANALYSIS**

**Exploratory factor analysis**

At the first stage 41 items are extracted on the past literature and the conceptual theory. These 41 items are used to get data for the first stage purification of the scale. This stage is generally used to confirmation of the proposed scales” psychometric attributes (Chu & Murrmann, 2006). A five point likert scale ranging from 1 to 5 was used, where 1= strongly disagree and 5= strongly agree. The purification of an instrument begins with exploratory factor analysis (EFA) and computation of Cronbach’s alpha coefficient (Churchill, 1979 and Parasuraman et al. 1988).

Exploratory factor analysis by principal component analysis was applied to explore the factor structure of the 41-items questionnaire. The KMO and Bartlett’s test used to check the
applicability of the exploratory factor analysis (Pallant, 2007). The Kaiser-Mayer-Olikin measure of sampling adequacy gives value of 0.866 and Bartlett’s test of sphericity also found significant that confirm the applicability of EFA on pooled data.

The orthogonally rotation method (Varimax in SPSS) was used and eigen value > 1 set as the selection standard. A SIX factor model was estimated, items demonstrating poor factor loading (< .40), high cross loadings (> .40) and low communalities (< .30) were subject to elimination (Hair et al, 1998). After examine the items four item were founded cross loaded and four were founded poor factor loading, which were deleted. The remaining 33 items were used for EFA. A six factor model was estimated which was accounted for the approximately 71% of the variance.

In addition the intercorrelations between the items within the each factor were analyzed as a measurement of reliability ascertaining internal consistency. Reliability coefficient of the factors is ranging between 0.78 to 0.92 and is above the generally acceptable level of 0.70 (Nunnally, 1978)

After identifying the factors, it is important to test the dimensionality and validity of each construct within the mode for that the scale purification process relies on an iteration of CFA (confirmatory factor analyses). Several data screening consequences must be dealt in order to adequately prepare the data set for accurate statistical analysis like SEM (Kline 1998).

Multicollinearity, Multivariate outliers and Multivariate normality

The issue that needs careful consideration during the data screening process is multicollinearity, defined as the condition in which “intercorrelations among some variables are so high that certain mathematical operations are either impossible or the results are unstable because some denominators are close to zero” (Kline 1998, p.77). SMC (Squared multiple correlations) were carried out to identified the any evidence among the variables. The SMC Scores which are shown in table are below cut of point 0.90 which reveals the lack of multicollinearity among the variables.

Outliers are the extreme value that inversely affect the analysis and draw towards the wrong conclusion. For the assessment of the multivariate outliers Mahalanobis Distance test was performed. This statistic measures the distance in standard deviation units between a set of scores for one case and the sample means for all variables. Eight cases are founded problematic so they were deleted from the further analysis.

Test of multi normality revealed that data are not multi normal. Multivariate normality is not generally met in practice. Maximum likelihood (ML) is fairly robust against violations from multivariate normality (Evangelos and Graham, 2006). Maximum likelihood is used in SEM for adequate result.

Confirmatory Factor Analysis

The constructs were subjected to confirmatory factor analysis (CFA) to verify that the manifest variables load upon the proposed constructs and are indeed indicative of these constructs. The combination of CFA and construct validity assessments allows the researcher to evaluate the
quality of their measures within a measurement model. The measurement model consists of 6 latent variables and 33 indicators.

**Measurement model validity**

To assess the fit between data and the model the measurement model is run in the Amos software. Not only chi square but one incremental fit index and one absolute fit index researcher should provide for the evidence of the model fit (Hair et al. 2010).

<table>
<thead>
<tr>
<th>Table 1 Fit Statistics – Measurement Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normed Chi-square</td>
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<tr>
<td>-------------------</td>
</tr>
<tr>
<td>2.68</td>
</tr>
</tbody>
</table>

All the fit indices provide the poor fit for the model. Normed chi-square value below 2 indicate good fit and between 2 and 5 also acceptable, in our case it is 2.68 which is acceptable but other fit indices GFI, CFI, TLI, IFI and NFI are on border of their cutoff point 0.9 and RMSEA also on the just above from its standard value 0.05 so it is not provide the evidence for the good model fit.

Modification indices and standardized residual covariance matrix are help to identify the problematic indicator. Those indicators are not fit in measurement model good and because of that discrepancy arise between proposed and observed model. There were 3 items identified which are removed and model run again.

<table>
<thead>
<tr>
<th>Table 3 Fit Statistics – Measurement Model</th>
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<tbody>
<tr>
<td>Normed Chi-square</td>
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<tr>
<td>-------------------</td>
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<tr>
<td>1.56</td>
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</table>

Normed chi-square is 1.56 which is good. The RMSEA fit assessment remains significant and indicated the acceptable fit of the model. Among GFI, TLI, NFI, CFI and IFI measurement majority are above cut of 0.9 which provides the evidence for the acceptable fit. So all the fit measurement provides the supports for the model fit.

**Construct Validity**

Reliability refers to the accuracy of the internal consistency where the construct validity refers to “how they should be interpreted?” The reliability of the constructs was addressed previously and is a necessary condition for validity; however a construct whose scale is reliable does not automatically make it a valid construct.

Content validity refers to an analysis “of the correspondence of the variables to be included in a summated scale and its conceptual definition” (Hair et al. 2010) and is conducted through a subjective assessment rather than an empirical test. The pilot survey from the highly qualified and experience professor was done which provide the face validity evidence.

In confirmatory factor analysis, convergent validity is apparent when there is a high degree of shared common variance among the indicators of a construct (Hair et al. 2010). To assess the convergent validity here three measures are taken in to considerations which are factor loading, Average Variance Extracted and Construct reliability.
### Table 3 Quality criteria

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Factor Loading</th>
<th>Average Variance Extracted</th>
<th>Construct reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Faith in Service provider</strong></td>
<td>I trust my bank’s service Providers and their Employees</td>
<td>0.714</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I feel that doing business with my bank is financial safe and their promises are Reliable</td>
<td>0.728</td>
<td>0.625685</td>
<td>0.892603</td>
</tr>
<tr>
<td></td>
<td>I feel my bank has high Integrity and has security to protect my transactions</td>
<td>0.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>They have never break my trust and fulfills its obligations</td>
<td>0.812</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Overall, I trust my bank</td>
<td>0.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Allegiance</strong></td>
<td>Promised services had been provided consistently on committed time</td>
<td>0.696</td>
<td>0.518046</td>
<td>0.842329</td>
</tr>
<tr>
<td></td>
<td>Employees are more reliable, taking care of needs and committed on all transactions</td>
<td>0.631</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The bank makes adjustments to suit my needs</td>
<td>0.754</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>The bank is flexible when its services are changed and in serving my needs</td>
<td>0.711</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I am proud to belong to the customer group of my bank</td>
<td>0.796</td>
<td></td>
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</tr>
<tr>
<td><strong>Effective Communication Skill</strong></td>
<td>The bank provides timely, trustworthy and accurate information</td>
<td>0.809</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The bank makes and fulfills promises</td>
<td>0.811</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Bank provides information when there is new banking services</td>
<td>0.867</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I feel ease to communicate with my bank and employees and have personal relationship with them</td>
<td>0.738</td>
<td>0.667453</td>
<td>0.923158</td>
</tr>
<tr>
<td></td>
<td>whenever I approach bank with questions, I get reliable answers</td>
<td>0.841</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Overall, I feel communication with bank employees have positive impact on me. We communicate and express our opinions to each other frequently.</td>
<td>0.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Faibility</strong></td>
<td>I feel my bank is reliable and consistence.</td>
<td>0.832</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I feel my bank will perform the service right in first attempt.</td>
<td>0.656</td>
<td>0.609795</td>
<td>0.885636</td>
</tr>
<tr>
<td></td>
<td>Employees of my bank are approachable</td>
<td>0.848</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>My Bank make efforts to understand needs and expectations</td>
<td>0.728</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service provided by my bank are competitive enough.</td>
<td>0.823</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Problem Addressing Skills</strong></td>
<td>The service providers seem concerned about my problems/conflicts that arise</td>
<td>0.773</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If problems/conflicts arise , the service providers take responsibility for them</td>
<td>0.687</td>
<td>0.575798</td>
<td>0.843924</td>
</tr>
<tr>
<td></td>
<td>The service provider respond quickly to problems/ conflicts</td>
<td>0.747</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>I have faith in my service provider to solve the conflict handling</td>
<td>0.822</td>
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</tbody>
</table>
I would like to switch banks but I don’t know which one to switch to

I sense that my bank provides me best offer and better service in compare to other banks because of nationalize public Bank

Overall ATM availability of this bank is more in compare to other banks.

This bank premises and is available near my home and workplace

It takes too much time and effort to form a relationship with a new bank and it may be cost more and risky too.

The standardized factor loading of the each indicator in the model is used to determine the convergent validity. The ideal cut off value of the factor loading is 0.7, but 0.5 also provides the sufficient evidence of the convergent validity. The factors loading for the each scale are shown in table .the minimum factor loading is 0.5 which is at the sufficient value which indicates the acceptable degree of convergent validity.

The average variance extracted (AVE) is the average of how much variation in a scale is explained by the latent variable and Construct reliability (CR) measure the same but also takes into account the error variance for the construct. The inspection of the AVE score and CR analysis indicate that all the loadings are exceeding the cut off value 0.5 and 0.7 respectively. All the measurement provides the substantial evidence of convergent validity.

<table>
<thead>
<tr>
<th>Table 4 Discriminant validity</th>
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<tr>
<td></td>
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<tr>
<td>Faith in Service provider</td>
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<tr>
<td>Allegiance</td>
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<tr>
<td>Effective Communication Skill</td>
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<tr>
<td>Faibility</td>
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<tr>
<td>Problem Addressing skills</td>
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<tr>
<td>Switching Hurdles</td>
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</tbody>
</table>

Discriminant validity refers to the degree in which a construct being measured in the study is not similarly measured under a different construct and is therefore unique from other constructs.
To provide evidence of this type of validity, researchers typically conduct a comparison of squared values of the estimated correlations between the constructs and the average variance extracted (AVE) from each construct. If the variable”s AVE value is higher than the square of the estimated correlation between it and another variable, then there is evidence to support an acceptable degree of Discriminant validity between these variables.

The overall results from comparing AVE estimates to their corresponding inter-construct squared correlation estimates were indicative of Discriminant validity among these variables. AVE is ranging from 0.51 to 0.67, where the squared correlation between construct ranging from 0.088 to 0.27. Which is less than AVE so it evident the discriminant validity. Nomological validity refers to whether the correlation between the construct of the measurement model make sense. To assess the nomological validity construct correlation should significant. Here correlation between construct is significant and positive which provides the good evidence for the nomological validity.

**CONCLUSION**

Relationship is essential element of banking Industry. To develop instrument for measuring Relationship Marketing of bank on the basis of past literature, conceptual theory and after discussing with some of the employees and customer of State bank of India we first identified 7 components having 41 items then by performing EFA and CFA and churned into 6 factor and 30 items. The six factors identified were:

1. Faith in Service Provider
2. Allegiance
3. Effective Communication Skills
4. Fiability
5. Problem Addressing skills
6. Switching Hurdles

1. Faith in Service Provider factor comprises of five statement related to “trust bank and its employees”, “Financial Safety and promise reliability”, “High integrity and security to protect transactions”, Trustworthy and fulfills its obligation”, and “overall Trust”

2. Allegiance factor comprises of five statement related to “promised and consistently services”, “Reliable employees whose taking care of your needs”, “Adjustment as per needs”, “Flexibility in change and serving”, and “proud to belong with”

3. Effective Communication comprises of six statements namely “timely, trustworthy and accurate information”, “fulfills promises”, Information about new bank services”, “ease to communicate with”, ”Reliable answers of every questions”, and “Frequently Communication and its positive impacts”.

4. Fiability factor has five statements namely “reliable and consistence”, “perform the service right in first attempt”, “approachable”, efforts to understand needs and expectations” and “my bank are competitive enough”.
5. Problem Addressing skills factor contains four statements and refers to “Concerned about the problems”, “Take responsibility”, “respond quickly”, and “have faith in solving problems”.

6. Switching hurdles factor comprises of five statements refer to “switch to whom”, “Offering best”, “Availability of ATM”, “Nearby Premises”, and “do not want to Waste time to switch others.”

MANAGERIAL IMPLICATION:
Such studied will emphasis more service industry where relationship marketing will become competitive advantage for the service provider. Bank is the one people want to have faith in it because of money is associated with it so as strong the relations they can have with their bank will lead to the positive impact on the overall positive business.

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Literature Review on Relationship Marketing and Brand Loyalty

Krishnaba Parmar¹ and Pankaj Trivedi²

Abstract

This article reviews the existing literature in the field of Relationship marketing and Brand Loyalty for the banking sector. This review has been undertaken to study the meaning of relationship marketing and brand loyalty and their impact on the Banking /service sector. Starting with the overview of banking sector and definition of Relationship marketing and brand loyalty. Further, the article discusses dimensions like trust, commitment, satisfaction, communication, switching barriers and conflict handling.

Keywords— Brand loyalty, Relationship Marketing, Banking Industry

Introduction

Many academicians and Industry experts have accepted the significance of loyalty in service industries (Bloemer et al., 1999; Caruana, 2002; Asuncion et al., 2004) and its potential impact on the development of sustainable competitive edge (keaveney, 1995; Gremler and brown, 1996) for the service firms.

The banking sector is becoming increasingly competitive around the world. This is particularly true in the area of small-medium business banking. Further, the core and actual product being offered to business customers could be considered reasonably homogeneous. Consequently, there is an increased need for banks to differentiate themselves from competitors at the augmented product level. One way that this might be achieved is to develop longer-term

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² Research Guide, Saurashtra University, Rajkot, Gujarat- 360 005
relationships with their key customers (Heffernan et al., 2008). In the increasingly competitive global financial world, relationship marketing has been advocated as an excellent way for banks to establish a unique long-term relationship with their customers. Thus, recognition of the importance of relationship marketing has grown in recent years (Man so and Speece, 2000).

Relationship marketing is recommended as a strategy to overcome service intangibility and is appropriate for "credence" services, that is, services that are difficult for customers to evaluate even after purchase and use (Crosby and Stephens, 1987; Gilaninia et al., 2011). Being dependent on repeat business from customers, most firms have necessarily been committed to sustaining customer loyalty and cultivating enduring relationships with customers (Gable et al., 2008; Vesel and Zabkar, 2010). Therefore marketers and managers are trying to obtain valuable information from the customer’s needs to develop long-term relationships with them to make their customers loyal (Gilaninia et al., 2011). Relationship marketing strategy, apart from its ability to help understand customers’ needs, can also lead to customer loyalty and cost reduction (Ndubisi, 2004). In fact the popularity of relationship marketing is fed by the fact that building relationships is beneficial for both customers and the enterprise.

The entry of many private and public banks into the Indian banking sector has given a wide range of choices to the customers leading to collapse of the monopoly of the State bank of India. Though there were new players, they were not able to encroach the market share of State bank of India. Indian Banking sector has spread their roots very deeply and help the economy to boost. While we are here talking about the roots and their relations with Indian context and especially for the Bank of India. Relationship marketing is the latest as well as oldest concept. It is like old wine in new bottle. Every sector or industry take it as competitive edge and try to explore their relations with their existing customer. Where Brand loyalty is something very near to the relationship marketing because both have been inter linked. First of all we have tried to define both the concepts in context of banking sector. Relationship marketing and brand Loyalty have been measured through some dimensions.
It is very much important to identify those dimensions which will help to establish the link between these two concepts and their impact on the banking sector. Relationship marketing is a useful concept for understanding customers.

Services have been widely researched and analysed for their unique characteristics and intensive customer orientation. Some of the major concepts that have been studied to explore the true nature of services are Service Quality (Parasuraman, Zeithaml & Berry, 1985; Gronroos, 1988; Cronin & Taylor, 1992; O'Neill, 1992; Oliver, 1997), Satisfaction (Oliver, 1993 & 1997; Wirtz & Bateson, 1999; Zeithaml & Bitner, 2000), Loyalty (Dick & Basu, 1994; Oliver, 1997; Bowen & Shoemaker, 1998; Reichheld & Sasser, 1990; Heskett, Sasser & Schlesinger, 1994; McMullan & Gilmore, 2003; McMullan, 2005).

**RELATIONSHIP MARKETING**

The term relationship marketing was popularized in the 1980s when the focus of marketers started to switch from customer acquisition to customer retention.

The concept of relationship marketing was first presented and described by Berry (1983) as “attracting, maintaining, and enhancing customer relationships”. Furthermore, relationship marketing was also described as “establishing relationships with customers and other parties at a profit, by mutual exchange and fulfillment of promises” (Grönroos, 1991). Relationship marketing focuses on creating new and mutual value between banks and their customers on a long-term basis. "Marketing is not a function; it is a way of doing business; marketing has to be all pervasive, part of everyone's job description, from the receptionist to the board of directors" (McKenna). Moriarty suggested the concept of relationship banking based upon the acceptance that the banks can increase their earnings by maximizing the profitability of the total customer relationship over time, instead of seeking to get the most profit from any single product or transaction (Moriarty, 1983).

Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relationship exchanges (Mishra & Liy, 2008). After a comprehensive review of 26 definitions of relationship marketing, Harker (1999) proposes...
the following description: An organization engaged in proactively creating, developing, and maintaining committed, interactive, and profitable exchanges with selected customers (partners) over time is engaged in relationship marketing” (Sin et al., 2005). Grönroos (1990), states that” the purpose of relationship marketing is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met” and that this is done by a mutual exchange and fulfillment of promises” Relationship marketing theory suggests that successful relationship marketing results from certain aspects of cooperative relationships that characterize successful relational exchanges (Hunt, Arnett, and Madhavaram 2005). Arnett and Badrinarayanan (2005) conceptualize a relationship marketing competence as a firm’s ability to identify, develop, and manage cooperative relationships with key customers characterized by trust, relationship commitment, and communication.

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>Determinant</th>
<th>Contributing Authors</th>
<th>Consequential Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer satisfaction</td>
<td>Cronin and Taylor (1992),</td>
<td>Future Purchase Intentions (Repeat purchases)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>McAlexander et al. (1994)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Liang and Wang (2007)</td>
<td>Customers' active participation in terms of buying additional services and spreading favorable word-of-mouth communication</td>
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<tr>
<td></td>
<td></td>
<td>Fornell (1992)</td>
<td>Decrease in customers' sensitivity towards competitive offers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Barsky (1992)</td>
<td>Increased market share from repeat business and referrals</td>
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<tr>
<td></td>
<td></td>
<td>Bontis et al. (2007)</td>
<td>improves reputation in the services markets</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Statement/Concept</td>
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<td></td>
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<tr>
<td>Jirawattananukool (2001)</td>
<td>Retaining existing consumers are easier than finding new consumers</td>
<td></td>
<td></td>
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<tr>
<td>Spreng et al., 1996</td>
<td>Dominant factor of purchase intentions with reference to brand loyalty</td>
<td></td>
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<tr>
<td>Doney and Cannon (1997)</td>
<td>Repurchase intentions</td>
<td></td>
<td></td>
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<tr>
<td>Bendapudi and Berry (1997)</td>
<td>Reduction in the cost of negotiations and removal of the customer’s fear of opportunistic behavior by the service provider</td>
<td></td>
<td></td>
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<tr>
<td>Morgan and Hunt (1994)</td>
<td>Formation of highly valued exchange relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ballester and Aleman (2001)</td>
<td>Trust and satisfaction are conceptually connected</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwyer, Schurr, and Oh (1987)</td>
<td>Provides a basis for future collaborations</td>
<td></td>
<td></td>
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<tr>
<td>Kramer (1999)</td>
<td>Has both thinking and feeling aspects to it and that trust is socially oriented</td>
<td></td>
<td></td>
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<tr>
<td>Mishra (1996)</td>
<td>There are four dimensions of trust (i.e., reliability, openness, competence, and concern)</td>
<td></td>
<td></td>
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<tr>
<td>Beatty et al. (1998); Morgan &amp; Hunt (1994)</td>
<td>Liking and emotional attachment to the firm</td>
<td></td>
<td></td>
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<tr>
<td>Pritchard, Havitz and Howard</td>
<td>Resistance to switching Behavior</td>
<td></td>
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<tr>
<td>Commitment (1999)</td>
<td>Kelley et al. (1990)</td>
<td>Indicative of the organization's likelihood of developing or maintaining customer identification</td>
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<tr>
<td></td>
<td>Srinivasan SS (2007)</td>
<td>Sometimes unsatisfied customers are also loyal due to attachment and commitment with the supplier</td>
<td></td>
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<td></td>
<td>Dwyer et al. (1987)</td>
<td>To represent the peak in relational bonding</td>
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<td></td>
<td>Moorman et al. (1992)</td>
<td>An enduring desire to maintain a valued relationship</td>
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<tr>
<th>Switching cost</th>
<th>Kon (2004)</th>
<th>Repeat purchase behavior</th>
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<tr>
<td></td>
<td>Fornell (1992)</td>
<td>Impact on customer satisfaction</td>
</tr>
<tr>
<td></td>
<td>Aydin &amp; Ozer (2005)</td>
<td>Dissuade customers’ attraction towards</td>
</tr>
<tr>
<td></td>
<td>Baron and Harris (2003)</td>
<td>One bad moment of truth” in a service encounter to persuade a customer to go to a competitor</td>
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</tbody>
</table>

<p>|                   | Ndubisi and Chan (2005) | Responsible for |
|                   |                        | Building awareness in the early stage |
|                   |                        | Developing customer preference, convincing and |
|                   |                        | Encouraging the customer to make the decision to buy |
|                   | Anderson and Narus (1990) | Formal as well as informal sharing of meaningful and timely information between firms” |</p>
<table>
<thead>
<tr>
<th>Page</th>
<th>Communication</th>
<th>Loyalty</th>
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<tbody>
<tr>
<td>5</td>
<td>Hutt et al. (2000)</td>
<td>communication among boundary-spanning personnel produces a shared interpretation of expectations and goals</td>
</tr>
<tr>
<td></td>
<td>Anderson and Norus (1990)</td>
<td>An interactive dialogue between the company and its customers, which takes place during pre-selling, consuming and part-consuming stages</td>
</tr>
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<td></td>
<td>Anderson and Narus, 1990; Anderson and Weitz, 1992; Morgan and Hunt, 1994</td>
<td>communication increases the level of trust between partners</td>
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<tr>
<td>6</td>
<td>Jaishankar, Arnold and Kristy (2000)</td>
<td>loyalty as a product of repeat purchase,</td>
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<td></td>
<td>Dwyer, Schurr, and Oh (1987); Fornell (1992)</td>
<td>willingness to spread positive word-of-mouth</td>
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<td></td>
<td>Zeithaml et al. 1996; Sirdeshmukh et al. 2002</td>
<td>Influenced by the attitudinal setup of mind.</td>
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<td></td>
<td>István Szüts, (2008)</td>
<td>an attitude or behavior that customers explicitly vocalize or exhibit</td>
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<td></td>
<td>Carroll and Ahuvia (2006)</td>
<td>Brand love, in turn, is associated to higher levels of brand loyalty and positive word-of-mouth</td>
</tr>
<tr>
<td></td>
<td>Anderson et al. (2004)</td>
<td>bargaining power</td>
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<td></td>
<td>Spreng (1995); Zeithaml et al. (1996); Tax and Brown (1998); Miller et al. (2000)</td>
<td>satisfaction with service recovery not only resolves the problem but also increases customer loyalty</td>
</tr>
</tbody>
</table>
Conflict handling

(Fisher 2000)


The Thomas-Kilman (five-step model)

facilitate constructive social change towards a responsive and equitable system

identified three possible courses of actions when faced with a conflict:

- accepting the status quo
- using force and mandating change;
- reaching an agreement by negotiating

- Competing
- Collaborating
- Compromising
- Accommodating
- Avoiding

Brand Loyalty

Oliver (1999) has described loyalty as a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. And “fervently desires to re-buy a product or service and will have no other – pursuing this quest against all odds and at all costs”.

“Brand loyalty as a concept has its origins in the 1920s” (Bennett 2001, p.3). The most commonly used definition of brand loyalty is “The biased (non-random) behavioral response (purchase) expressed over time by some decision-making unit with respect to one or more
alternative brands out of a set of brands and is a function of psychological processes” (Jacoby 1971, p.25). Fournier and Yao (1997) described the centre of companies” marketing strategies is the development and maintenance of consumer brand loyalty. The phenomenon is especially seen in markets with tough competition, highly unpredictable and low product differentiation. Carroll and Ahuvia (2006) suggested that Brand love, in turn, is associated to higher levels of brand loyalty and positive word-of-mouth.

Jaishankar, Arnold and Kristy (2000) described loyalty as a product of repeat purchase, self-stated retention, price insensitivity, resistance to counter persuasion, and recommendation to others. Dwyer,Schurr, and Oh (1987); Fornell (1992) found that willingness to spread positive word-of-mouth about a service provider and repeat purchasing behavior are the most common indicators of customer loyalty. A number of studies have treated these two behaviors as loyalty indicators (Zeithaml et al. 1996; Sirdeshmukh et al. 2002). However, loyalty manifests itself in not only behavioural fashion but it also gets influenced by the attitudinal setup of mind.

**Implications**

The present research provides a better understanding on factors influencing customer loyalty and relationship marketing in the banking sector. The factors which related to customer loyalty like trust, commitment, communication, switching barriers, satisfaction, loyalty and conflict handling. It is expected that the bank managers and banking staff should have such attitude towards customers in order to maintain good customer relations. The banking firms should induce better feelings among customers to maintain their preference towards the bank. It is suggested in this context that the banking firms strategically should dedicate to understand the customer’s needs and give them better feelings through service quality. The banks should think about what can be done for them might enhance preference over other banks. Customer loyalty becomes paramount to being competitive in the marketplace.
References


